

CHIPPEWA - LUCE - MACKINAC

**COMMUNITY ACTION
HUMAN RESOURCE AUTHORITY, INC.**

POST OFFICE BOX 70
SAULT STE. MARIE, MICHIGAN 49783-0070
PHONE (906) 632-3363 FAX (906) 632-4255



Serving These
Upper Michigan
Counties:
Chippewa
Luce
Mackinac

Response to the MSHDA Qualified Allocation Plan Draft
2008- 2009.

November 16, 2007

After a careful review of the proposed draft document, C-L-M Community action staff is prepared to submit the following comments:

MSHDA staff is to be commended for the effort to improve the procedures required to qualify for Low Income Housing Tax Credits. We are especially pleased that the special needs of small communities and rural areas are being recognized and that an effort is being made to give preference in rotation for applications from specific geographic areas. This will help to bundle critical resources needed to finance projects in all rural areas over time.

Based on our experience, acquired over time as a sponsor and operator of moderate cost housing projects, we find several aspects of the proposed document troubling and counterproductive. On page 5, item F, Michigan Land Use Leadership Growth Tenets, are incorporated in its entirety. This requirement is very difficult, if not impossible to meet in small communities. No available transportation, commercial establishments farther than the required walking distance, no sidewalks and no building sites meeting all standards and having access to utilities are just a few of the problems one encounters. In many areas, previously used construction sites are simply not available. Farm land, open space, etc. cannot be excluded as building sites.

Although Agency staff is pleased that a holdback for Michigan's small Communities and Rural Housing has been included, (page 13. item 3.) the percentage seems to be too meager to meet even part of the demand. In addition, we question the Dollar limits listed for one Affordable Assisted Living project.

Under item 4. Supportive Housing/Housing for persons with special needs should remain flexible, because the homeless population is not uniformly distributed in rural areas and in some cases, housing needs have been largely met. Utilization of State funds to be set aside for entities who already receive direct federal housing subsidies does not seem to be needed. Another concern pertains to the use of housing vouchers. General use vouchers

must be available for low income citizens of all ages to make low cost housing a functioning alternative.

Paragraph A.2, demands, that all projects are to be subject to Prevailing Wage Requirements and health care coverage requirements. The specific rules are not identified. There is no question that this increases the construction costs significantly and furthermore, it is not a Federal mandate for these projects. It also eliminates some companies from participating in the construction, especially smaller, locally owned firms. Local labor should be used wherever possible and prevailing wage standards are an impediment.

Another onerous requirement is found under item 18, page 18. It calls for submissions from multiple equity investors. Quite aside from the fact that few equity investors are interested in small, rural projects, investors who have subscribed investors these types of housing units, are knowledgeable and willing to assist sponsors with the application process. This is often vital for those applicants without personnel who possess the necessary expertise. Having a direct relationship with interested investors who are familiar with the market, does not stifle competition.

We are offering these observations in the hope that they may helpful in developing a plan that brings about an equitable distribution of available resources for Moderate- Cost Housing.

Submitted by:

A handwritten signature in cursive script, reading "Ronald J. Calery".

Ronald J. Calery
Executive Director